(d) if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) On 2nd November, 2007, Delhi State Consumer Commission has imposed 'punitive damages' of Rs. 50 lakh on ICICI Bank Ltd. for alleged use of force and coercive methods by some recovery agents of the bank to take possession of the vehicle financed by the Bank. The Commission also ordered the Bank to pay a compensation of Rs. 5 lakh to the complainant.

(b) In view of the alleged harassment of customers by ICICI Bank's recovery agents, and the judgement of Hon'ble Supreme Court, on an appeal (No. 267 of 2007) filed by the ICICI Bank Ltd. against the order of the Allahabad High Court in respect of a case filed by one of the borrowers of the bank, Smt. Prakash Kaur, the bank was advised by RBI in August 2007 to investigate and take action against the recovery agents involved, review at the highest levels the system of appointing/reviewing performance of recovery agents, undertake comprehensive review of customer complaints, etc. The bank was advised by Reserve Bank of India (RBI) in October, 2007 that if such incidents recur in future, RBI would be constrained to take stern action. In the Mid-Term Review of Annual Policy Statement (dated October 30, 2007), RBI has observed that in view of the rise in the number of litigations against banks for engaging recovery agents in the recent past, it is felt that the adverse publicity could result in serious reputational risk for the banking sector as a whole. RBI has urged banks to follow prescribed specific considerations while engaging recovery agents and has clarified that complaints received regarding abusive practices followed by a bank's recovery agent would invite serious supervisory disapproval. RBI would consider imposing a temporary ban (or even a permanent ban in case of persistent abusive practices) for engaging recovery agents on those banks where strictures have been passed/penalties have been imposed by a High Court/Supreme Court or against its Directors/Officers with regard to the abusive practices followed by their recovery agents.

(c) and (d) RBI has reported that the customer who had availed the car loan from ICICI Bank filed a case under Section 308 of the Indian Penal Code with the I.P. Estate Police Station, New Delhi under which three executives of the possession agency were arrested but were later released on bail.

(e) Does not arise.

Volatility in stock markets

206. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the stock markets in the country have been witnessing biggest single day fall and rise in recent days;

(b) if so, the reasons behind the volatility in stock markets;

(c) whether any review has been conducted to analyse the reasons for the said steep fall and rise of markets;

(d) if so, the details thereof alongwith the steps taken if any to contain the extreme swings; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) While rise or fall in stock indices in terms of number of points in a day has been high in recent days, the percentage rise or fall has not been so high. For example, the Nifty rose by 5.6% (289.7 points) on 23rd October, 2007 while it had fallen by 12.2% (193.7 points) on 17th May, 2004.

(b) The volatility in securities markets is a function of the perception of investors—domestic and overseas, retail and institutional—about the economy, the sector and the company. This perception is influenced by many factors including the macro-economic environment, growth potential of the economy, corporate performance, domestic and international events, and market sentiments.

(c) The volatility is inherent in stock markets. The authorities normally do not react unless volatility is attributed to manipulation in the market. Exchanges have, however, been directed by SEBI to analyse steep falls and rises in the market to detect untoward patterns or skewed concentrations. Preliminary analysis does not reveal such findings.

(d) and (e) SEBI and the Exchangers have put in place system and practices to promote a safe, transparent and efficient market and to protect market integrity. The systems include advanced risk management mechanisms comprising on-line monitoring and surveillance and various limits on positions, margin requirements, circuit filters, etc. which reduce the scope for excessive volatility in the market Exchanges have been advised by SEBI to keep enhanced real time vigilance on volatility and deviance, if any, in the market.

Peerless General Finance and Investment Company Ltd.

207. SHRI TAPAN KUMAR SEN:
SHRI PRASANTA CHATTERJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether the Peerless General Finance and Investment Company Ltd., a Residuary Non-Banking Company (RNBC) has been directed through RBI to wind up its residuary non-banking business within a period of three years;

(b) if so, the reasons therefor; and

(c) whether any other RNBC has been given such direction, and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The Residuary Non-Banking Companies (RNBC) regulations have been constantly evaluated and reviewed keeping in view the interest of the depositors. Reserve Bank of India (RBI) is of the view that in the changed regulatory environment, the existing business model of RNBCs may not remain viable and sustainable in the longer time-frame. Accordingly, all the companies have been advised to recognize this change and evolve an alternate business model instead of continuing with RNBC business, within a proposed time frame of three years.

Upgradation of Nationalized Banks

208. SHRI JAI PARKASH AGGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government have taken steps to upgrade the nationalized banks to the international level and to provide all those facilities in the nationalized banks which are being easily provided to the customers by the International banks; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) To ensure smooth and efficient functioning of banking sector in general and public sector banks (PSBs) in particular and to enable them to complete at international level, Reserve Bank of India (RBI) has prescribed measures/guidelines for strengthening of prudential supervision *viz.* provisioning and classification norms for non-performing assets